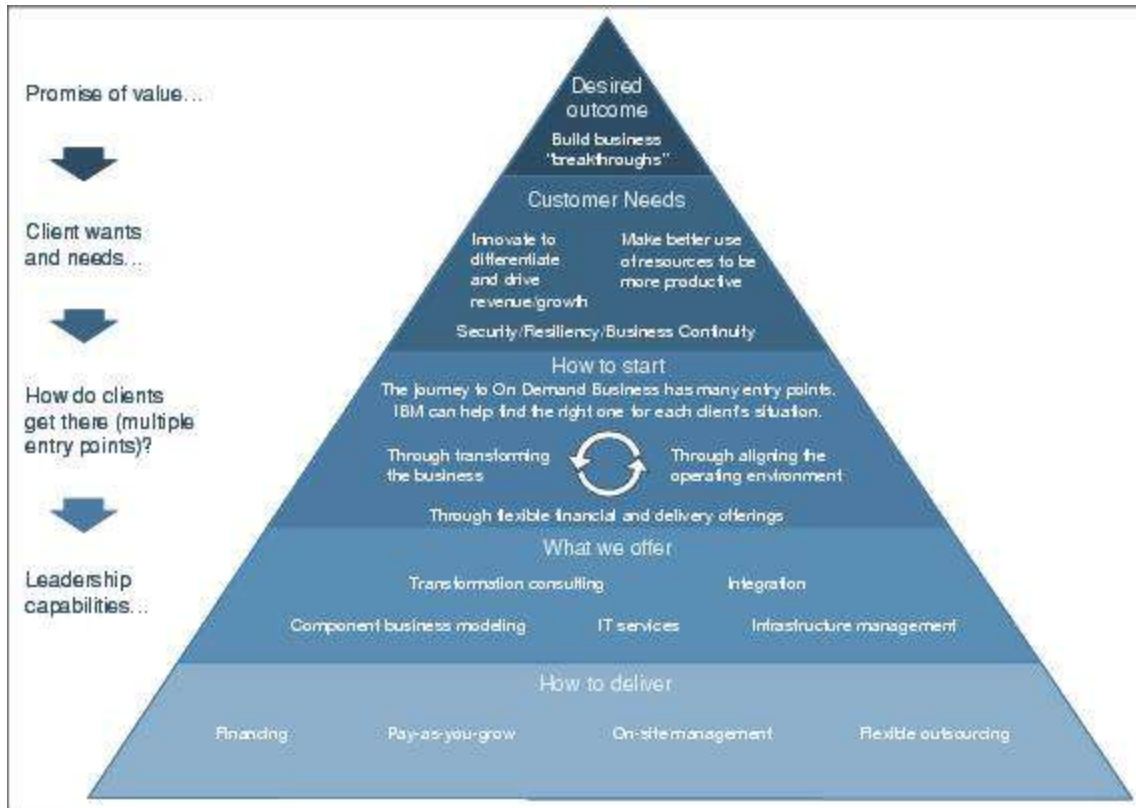


Chapter 2

“The On Demand Business”

- By meeting primary client needs, businesses can make progress toward reaching these strategic imperatives:
 - Innovate the business to differentiated value and capture new value
 - Make better use of resources to be more productive
- IBM and their Business Partners deliver breakthroughs in business innovation and productivity which drives the success of businesses in the On Demand Business world because IBM has:
 - The end-to-end insight and experience necessary to help clients anticipate and navigate the issues (regardless of entry point)
 - A track record of applying end-to-end business and technology experience and expertise to solve clients' needs in the context of their industry
 - Superior offerings designed to meet the requirements of the On Demand Business world
- Value Proposition
 - Clients want a partner who can fuse the lenses of their business model, business processes, and technology into one informed view of what it takes to enable a company to compete more effectively in the On Demand Business world.



- IBM and IBM Business Partners offer industry-specific experience in combining business process knowledge and technology. This expertise helps make better use of resources to be more productive and innovative to differentiate and capture new value.
- IBM and IBM Business Partners focus on the needs of your business to build a customized roadmap.
- The roadmap starts at a point that is right for you and provides immediate return and long-term value to help develop an On Demand Business.
- **Innovating the Business to Differentiate and Capture New Value**
 - Organizations need a partner who:
 - Can help them deliver new business value and growth in the market through product innovation or personalized client service.
 - Can help transform business processes.
 - In the face of fierce competition, organizations must be able to anticipate, rapidly respond, and always be available.
 - IBM helps organizations become more on demand by integrating processes and business behavior horizontally (across teams and value networks) to respond more quickly to market changes.
- **Making Better Use of Resources to be More Productive**

- Organizations want to generate additional opportunity from the resources they already have.
- Organizations want to reduce operating costs.
- IBM solutions for On Demand Business help organizations by having them focus on their core competencies.
- **Ten Things You Need to Know About On Demand Business**
 - On Demand Business is about opening up opportunities for IBM, IBM Business Partners, and Clients.
 - When approaching On Demand Business, these four categories should be considered:
 1. What's going on in the market and how it relates to clients' needs
 2. The clients' needs and visions and how can IBM help to achieve them
 3. How IBM is preparing to sell this value-generating idea to clients and to use it internally to create value
 4. The steps you need to take to prepare for selling this great opportunity and how it relates to the overall solutions initiative
 - On Demand Business starts with an enterprise's business model and business design – it will be a horizontal integration rather than vertical. Next, the infrastructure will need to be simpler, more autonomic, and more cost effective. Finally, clients will insist on different ways to access, manage, and buy technology.
 - Everyone needs to lead the way and you can do that by connecting with your client information technology (IT) executives. Tell them how they can rejuvenate their IT functions and use innovation to deliver real business value to their organizations. (Identify business “champions” that can drive solution initiatives)
 - The challenge to selling On Demand Business is that it is a change in perspective. Take discussions to a higher business level of business processes and process integration and hopefully the message will work its way up the client food chain.
 - Here are the 10 things you need to know about On Demand Business in order to help transform your clients:

The Market

1. What's the difference between on demand and On Demand Business?
 - Today, people are used to obtaining their money or airline tickets. On Demand Business is the logical extension of that approach across the enterprise, linking clients and suppliers. Linking business processes within and beyond the four walls of the enterprise requires a strong backbone of infrastructure (may consist of ERP, CRM, and SCM apps).
 - IBM CEO Sam Palmisano defines On Demand Business as, “An enterprise whose business processes – integrated end-to-end

across the company and with key partners, suppliers, and clients – can respond with flexibility and speed to any client demand, market opportunity, or threat.”

- On Demand Business:
 - Responds to competitive challenges facing clients. Clients are looking for ways to reach new markets, increase their profits, and maintain their current operating budget.
 - Is about real business challenges, so discuss with your clients the problems that they face in their industry – IBM has the solutions to help them.
 - Takes things personally by being persistent and giving clients the big picture and practical steps to get there.
 - Is client driven.

2. What's happening in the marketplace to make On Demand Business such a hot opportunity?

- The business climate is changing due to:
 - Advances in technology
 - IT no longer being a back-room operation
 - Increasing volatility in all areas



- Companies must be able to respond faster and more accurately, while reducing the cost of business by becoming more productive.
- Opportunity for Growth:
 - The overall US\$ 1.661 trillion market is divided into 3 parts:

1. Traditional IT Solutions for On Demand Business (ex. IBM systems, software, etc.)
2. Business Consulting
3. BPO and BTO (allows clients to outsource some processes to IBM and they can add value by improving or transforming them)

The Client

3. What does On Demand Business mean for my business?
 - On Demand Business permits clients to deliver against today's two key strategic imperatives:
 - It permits them to innovate in order to differentiate themselves from their competitors.
 - It delivers greater value to their customers.
4. What does an On Demand Business look like?
 - A company transforming into an On Demand Business:
 - Will be more competitive
 - Can respond faster to external/internal conditions
 - Can beat their competition by focusing on what they do best
 - No longer are stretched by fixed financial commitments and can make them variable to become more flexible
 - Can respond faster and better to external threats
 - Can react quickly to market conditions – requires a strong backbone with data and security



5. Can you demonstrate that On Demand Business is real?
- Over 500 client examples from 21 industries around the world where On Demand Business helping clients innovate and become more productive
 - IBM has faith in their On Demand Business support systems. IBM uses their own hardware, software, business and IT strategists, and consultants.
 - IBM applies On Demand Business throughout their organization (sales to manufacturing) and the numbers speak for themselves and demonstrate how their On Demand Business applications deliver real business value.
 - IBM Customer Reference Database has many solution references that feature On Demand Business success stories. You should show this to your client to show they are not alone.

IBM

6. What sets IBM apart? What's your competitive differentiation story?
- IBM is virtually the only organization with a combination of deep industry and business process expertise and IT capability. Those insights are what IBM has built their approach to helping clients enable their On Demand Business breakthrough.
 - IBM has made progress by moving from the what of On Demand Business to the how of On Demand Business.
 - IBM offers many different entry points since each organization is different.
 - IBM has the vision and experience to lead and the muscle to back it up versus many other competitors. IBM can see the vision, describe it, and deliver it! IBM has the unique combination of business and industry expertise with end-to-end IT capability.



7. What can you sell me today?

- All areas of IBM have an On Demand Business focus. IBM has the roadmap to help their clients achieve their goals for On Demand Business.

You

8. How can I help my client become an On Demand Business?

- The journey to an On Demand Business has many steps and it is recommended to engage your client with multiple projects. Paint the vision.



9. Who in IBM do I engage to help me sell what a client needs to become an On Demand Business?

- There is no room for single minded thinking in the On Demand Business environment because a single person cannot successfully sell what a client needs to become an On Demand Business. Therefore, you need to build a value network of partners and be able to use it successfully to help clients.

10. Where do I go to get started and how do I stay informed?

- A good starting point and information source:
<http://www.ibm.com/e-business/ondemand/us/index.html>

- The Journey to On Demand Business

- An organization's approach to aligning business, IT priorities, and resources changes at each stage of the journey of becoming an On Demand Business.
- Access stage: investment decisions tend to be driven independently, by either line-of-business or IT people.
- Enterprise Integration stage: the focus switches from stand-alone processes and applications to value chains that cross departmental lines and organizational boundaries.
 - Triggers the need for a cultural shift – driven from the top down.
 - It's not uncommon to find duplicate functions – they become integrated in this stage.
 - Organizations must have a holistic view of its clients, a seamless movement of information through its value net, and a cost-effective resilient infrastructure that can handle unpredictable demands and survive natural and man-made threats.
 - It's critical that a team of business and IT leaders work together to establish the business priorities and align the IT strategy to deliver.
 - Companies are fusing the passionate pursuit of business leadership with a disciplined, evolutionary approach to IT infrastructure optimization during this current technology recession to help remake themselves. Companies are accomplishing this by embracing IBM's On Demand Business value creation cycle (a philosophy of re-investment following an ongoing cycle designed to continuously increase business value).
- Key questions to ask clients in order to define business priorities, break them into processes, and develop a deep understanding of your existing asset base:
 - What systems and processes are in place today?
 - Where does the data reside?
 - Who has access to the data?
 - Who needs to have access to the data?
 - What are the requirements for logistics or workflow?
 - How do data and transactions flow today?
 - What's manual? What's electronic? What could be electronic?

- What are the needs of the people inside the organization and in the supplier network?
 - What are the key resources?
 - You can establish a baseline by having a solid understanding of the organization's core assets, capabilities, and needs. This will help determine the success of your On Demand Business initiatives.
- Finding the On Demand Business Opportunity
 - Most businesses prefer to proceed incrementally.
 - You should recognize where your clients want to go by referencing the On Demand Business approach chart.
 - Examples of IBM transformation to an On Demand Business:
 - IBM online travel reservation (access to On Demand Business)
 - Went from an over the phone travel booking to an online booking system that provides real-time reservation capabilities, enforces travel compliance, and enables better control of the travel management process.
 - IBM workstation management (integrated to On Demand Business)
 - Some IBM employees weren't aware of new or updated software packages available which led to failure or problems. Now, a series of IBM-developed applications sense and respond to workstation needs and push solutions to employees – thanks to ISSI. ISSI is always available and is available locally.
 - IBM On Demand Business workplace (On Demand Business)
 - On Demand Business Workplace (ODBW) is an open, integrated, communication and collaboration solution. It enhances responsiveness, reduces costs, and improves the productivity of our global workforce.
- Continuing with the Next Steps (3 steps to help you work with your clients)
 - Work with your client to determine where they are in their approach.
 - Assess how on demand ready your clients operations are and how far they need to go.
 - Determine how to break down internal or external boundaries with trading partners.
 - Identify opportunities to outsource major components that do not hold a comparative advantage for your client.
 - Analyze how effectively your client's technology infrastructure can support On Demand Business requirements.
 - Establish the On Demand Business focus for your client's organization.
 - Develop a business case for the potential economic value that can be unlocked by making that component operate in an On Demand Business fashion.
 - Look for opportunities to make the transition using self-funding models.

- Reinvest some portion of the savings from each project into the step that moves your client's organization closer to becoming an On Demand Business.
- Work with your client to seek partners that can help speed them along the way.
 - Help evaluate your client's current partners in terms of value to their solutions, access to new markets, and ability to supply critical competencies or even contingencies.
 - Use these resources to determine which partners can be adapt to your client's new On Demand Business operations.